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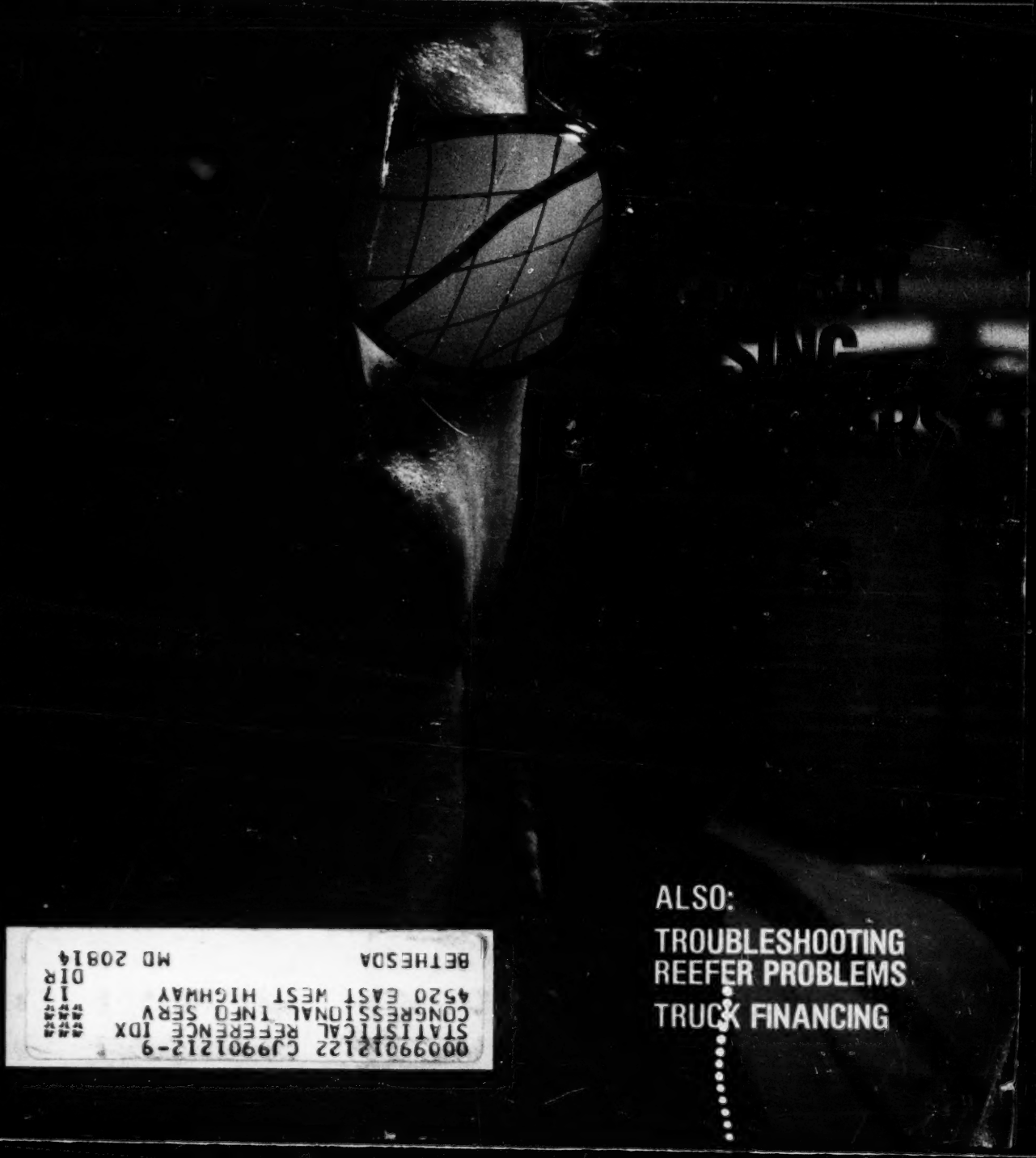

ALSO:

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TOP 100 ISSUE; RIESEL SHALL RETURN

The exclusive listing of Top 100 and Second 100 common carriers, plus the leading private fleets and statistics on truck factory sales and trailers in use, make CCJ's July issue a traditional winner. This much-in-demand edition will include more in-depth information than ever before.

Inside Labor won't be published in this issue while Victor Riesel is recovering from surgery.

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HOW TO COMBAT RISING WORKERS' COMP COSTS

Although the trucking industry continues to be plagued by increasing workers' compensation costs, here is how some fleets are cutting expenses resulting from work-related injuries and illnesses. **70**

TROUBLESHOOTING EN ROUTE REEFER PROBLEMS

A headache many carriers face is how to deal with refrigeration problems when the unit is far from home. This article focuses on good communications procedures that should help put en route reefer problems on ice..... **74**

A FINANCING PRIMER YOU CAN BANK ON

To avoid being caught on the short end of the money stick, this primer on truck financing discusses the basics of borrowing money to buy capital equipment, and what lenders expect of corporate borrowers. **80**

Chilton

BUSINESS MAGAZINES/MARKETING SERVICE/BOOKS

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By **KEN MACDONALD**, *Western News Bureau*

COMBAT RISING WORKERS' COMP COSTS

Profit-squashing increases in vehicle-related liability insurance premiums and widespread policy cancellations are hallmarks of the 1985-86 insurance crisis.

In addition to those recent miseries, a longstanding insurance problem, workers' compensation coverage, continues to plague the U.S. trucking industry. But workers' compensation costs can readily be reduced, fleetmen tell CCJ.

"We feel our workers' compensation costs are finally under control," says Eugene Kane, chairman and CEO of E.I. Kane, Inc., whose trucking, office moving and warehousing business serves the District of Columbia, Maryland and Virginia.

One of the problems with workers' comp is its resemblance to no-fault insurance, Kane says. If an employee claims he was injured on the job, it's up to the employer to ferret out any falsehoods. Unfortunately, the employee is usually the only one present when the injury occurs, making it difficult or impossible to detect false claims.

The key to curbing false claims is total management involvement with its insurance carrier, Kane adds. Involvement includes working with the insurance company to process claims and being present at all hearings. Far too often, Kane points out, only the insurance company's lawyer or representative attends the hearings on management's behalf.

"Ideally, hearings should be attended by three or four members of company management," contends Kane. Despite the cost of managers' lost time, "it's worthwhile," he insists.

Kane targets personal injuries in its annual safety-award program. "We give employees just as much credit for no personal injuries as we do for a safe driving record." In fact, Kane awards trophies to employees for a prescribed number of injury-free years. "We try to improve the safety-consciousness of all employees...make them proud of an accident-free year.

"There's a tradition of leniency in awarding compensation," says Kane. "And a person who has profited greatly from past compensation has a tendency to seek similar compensation in the future. Psychologically, a big-money award for a minor injury frequently succeeds in destroying the good old American work ethic," concludes Kane.

With this fact in mind, Kane follows a practice strongly recommended by 90 insurance companies handling workers' compensation: carefully research the compensation record of a job applicant. And Kane's not alone.

"There's a tradition of leniency in awarding compensation and a person who has profited greatly from past compensation has a tendency to seek similar compensation in the future. Psychologically, a big-money award for a minor injury frequently succeeds in destroying the good old American work ethic."

"Check 'em out," Yellow says.

Ken Thompson, vice president-safety for Yellow Freight Systems, Overland Park, Kan., says it pays to make a background check of a prospective employee, via an outside service. Yellow uses James Van Ella & Associates, Chicago. He also recommends making phone calls to previous/current employer(s).

Find out if the prospective employee has a history of workers' comp

Continued

claims, lost-time injuries, malingering, and/or absenteeism, suggests Thompson.

Ideally, Thompson says, the Department of Transportation physical required of driver-applicants should be conducted by a company doctor or a physician conversant with demands of the job. Too often, he says, a man's personal physician will dismiss a back problem as being of no immediate concern, rather than hurt his patient's chances of employment.

Driver-applicants have used numeroustricks to cover up physical shortcomings, Thompson adds. In one instance, a man with a glass eye had his identical twin brother impersonate him during a physical exam.

Most claims, according to Thompson, result from back injuries sustained by dock workers or local drivers who must load and unload freight. In contrast, relatively few cases involve maintenance shop personnel.

Malingering is an ever-present threat, so Yellow's supervisors periodically telephone the injured party (without risking a charge of harassment) at home to inquire about his condition. If there's reason to suspect malingering, it's Yellow's option to investigate the situation, according to Thompson.

If caught physically exerting themselves or in physically-demanding employment, malingerers are usually induced to return to their jobs, says Thompson. Alternatives include threat of disciplinary action or dismissal, if the fleet has solid evidence of fraud.

Sometimes Yellow sends a claimant to a radiologist for x-rays, or to a medical specialist for an in-depth examination. Resultant reports have, on many occasions, proven valuable.

Thompson does not advocate placement of a recuperating employee in a light-duty job, even as a temporary substitute for his former duties. There's a risk, he says, that the employee might become disgruntled and sue the company for job discrimination or file a grievance with the union.

Speaking of union intervention, the Teamsters' National Master Freight Agreement requires fleets to provide employees with hazardous materials training. To comply with that requirement, Yellow has recently published a 46-page manual and generated a 12-minute videotape training film. The materials are supplemented by monthly safety talks for maintenance shop workers and freight handlers, with topics ranging from proper lifting procedures to contending with hazardous materials spills.

In addition, Yellow plans to place a specially-equipped training vehicle in service. This vehicle will circulate through the carrier's system, providing safety instruction to drivers, dockmen, mechanics and supervisors.

"Visit the injured," Carolina says

Lenny Massare, loss and damage control manager at Carolina Freight Carriers Corp.'s Carlisle, Pa. facility, thinks a large part of the problem is legislation that encourages extended compensation. States "make it too easy to continue to collect," he maintains.

According to Massare, one way to get workers back on the job quickly is to keep in touch. "I'll call the guy in the hospital," he says. "It shows him you care. It used to be: 'Keep away. Don't touch, you'll get burned.' But no more. Now it's: 'Let's visit him.'"

Mark Stewart, Carolina's director of safety, cites another reason for keeping track of injured personnel. "We'll have someone go out to see him. If he's got grease under his fingernails, he's been

An overview of workers' comp costs

Employers complain that insurance premiums are so high they drain away profits.

Insurance companies complain that abuses of workers' compensation regulations and employer failure to maintain safety standards create floods of claims that threaten to bankrupt them.

And, while state legislatures continue to increase workers' compensation benefits, employees complain that compensation for on-the-job illness or injury is inadequate as a substitute for weekly paychecks.

Investigative reports constantly uncover incidents of greed, thoughtlessness, selfishness, carelessness and outright fraud.

Premiums employers pay for workers' compensation insurance vary between states and occupational categories. For example, California has approximately 500 categories just for the trucking industry.

In 1984, the number of work-related injuries and illnesses in private industry, according to the U.S. Labor Department, rose 11.7%, with eight incidents of injury or illness for every 100 full-time workers. In 1983, it was 7.6 incidents per 100 workers.

The increase was the largest single-year jump since 1973, with 5.4 million job-related injuries or illnesses in 1984: almost a 10% increase in the number of claims. Employment rose over four million during that period.

In 1983, states paid a total of $14.9 billion in workers' comp benefits, up from $13.7 billion in 1982. California paid the highest total, $2.2 billion, and Texas was second, with slightly more than $1 billion in payments. According to the state's Workers' Compensation Institute, California paid 15% of the nation's total workers' comp benefits, despite the fact that its maximum weekly benefit is 30% below the national average – $281.

In 1962, there was one award of a million dollars. In 1984, there were 201 awards of $1 million or more in the U.S. vs. 372 such awards in 1983.

The average size of jury awards for the three most common injuries in workers' compensation insurance claims – cervical strain, knee injuries and vertebrae fractures – and for "wrongful" deaths of adult males increased an average of 14.3% between 1974 and 1984, more than double the inflation rate.

working on *something*. We may even use the services of a private investigator to find out if he could be back on the job."

"We require a complete physical and back X-ray" says Stewart. "Where we're allowed, we'll give a polygraph test to help determine whether the applicant is trying to cover up previous injury compensation."

A Carolina employee has good reason to avoid being injured. "If it is determined that an accident was avoidable," says Stewart, "a letter of reprimand goes into the worker's file and stays there for nine months." Accumulated letters can be used to support disciplinary action.

There are also positive incentives to promote safety at Carolina. Accident-free workers for four-week periods are entered in a sweepstakes drawing for a 36-in. color TV. That may sound expensive, but according to Stewart, it's nothing compared to the cost of long-term disability claims.

"Incentives pay," Merchants says.

Merchants Fast Motor Lines, of Dallas, Tex., is fighting the high cost of worker's comp claims with safety incentives, according to Ed Forkerway, supervisor of safety and training. For example, workers who remain accident-free for three years are given a $50 U.S. Savings Bond for each additional year they retain their accident-free status.

There are also periodic, in-terminal safety competitions. Winning employees and their spouses are treated to a sumptuous dinner. According to Forkerway, the competition has been getting keener and "injuries are down 7% to 8% from last year."

"It's just too easy to collect workers' compensation," says Norm Young, vice president of insurance for Krobin Refrigerated Xpress, Tulsa, Okla. "The first time a worker has an injury, you teach him to collect. The second time, he'll teach you."

Becoming self-insured helped Krobin stay closer to the compensation process. And there are safety award programs.

"The most important thing," says Young, "is to make sure you've got a good relationship with your employees. That means, among other things, making sure there are no delays for legitimate claims. Show employees you care about them and their families. If they have any sense of loyalty, they'll want to come back to work." □

The $29,000 leg

Do you have any idea what it costs a company when an employee breaks a leg while on the job? Although a broken leg is a relatively minor injury, E.I. duPont has found that an on-the-job accident that results in a leg fracture incurs costs that add up to more than $29,000.

Half that total represents direct costs, including: payment for partial disability, $11,000; wages for lost time, $1000; on-site medical care, $350; ambulance service, $50; three days' hospital care, $1000; physicians' fees, $750; legal reports, $300; transportation and miscellaneous costs, $100.

Indirect costs are less apparent. They include: time devoted to accident investigations, reports and analysis by supervisory and safety personnel; replacement or repair of damaged equipment and property; productivity decreases; and profit losses.

For a free single copy of this article, write on company letterhead to: Editor, Commercial Carrier Journal, Chilton Way, Radnor, Pa. 19089.

Comparison of Average Costs Per Workers' Compensation Claims*

State	Truck Classification	All Classifications	State	Truck Classification	All Classifications
Alabama	$4,521	$1,534	Minnesota	12,503	4,296
Alaska	12,586	4,617	Mississippi	3,171	1,398
Arizona	3,322	1,730	Montana	12,930	4,002
Arkansas	6,863	1,891	Nebraska	3,421	1,249
Colorado	3,922	2,683	New Hampshire	5,857	2,228
Connecticut	4,881	2,068	New Mexico	5,531	2,961
Dist. of Col.	18,103	6,157	North Carolina	3,357	891
Florida	7,201	2,373	Oklahoma	6,301	2,444
Georgia	3,459	1,390	Oregon	4,800	2,606
Hawaii	9,034	4,708	Rhode Island	5,458	4,049
Idaho	5,213	1,726	South Carolina	3,815	1,431
Illinois	6,780	2,377	South Dakota	4,150	1,318
Indiana	2,285	779	Tennessee	2,574	1,085
Iowa	5,524	1,606	Utah	2,736	1,020
Kansas	4,109	1,642	Vermont	3,736	1,830
Kentucky	5,706	1,820	Virginia	3,589	1,669
Maine	13,178	5,162	Wisconsin	3,528	1,605
Maryland	5,545	2,720	Total 36 States	4,879	2,167
Michigan	5,789	2,232			

*—Information provided by National Council on Compensation Insurance, based on a survey of 36 states.